
Finance Committee

HB 2977

Brief Description: Providing expiration dates for certain environmental tax incentives.

Sponsors: Representatives Hunter and Orcutt.

Brief Summary of Bill

- Expires the sales and use tax exemption for nutrient management equipment, facilities, and related services used at dairies and animal feeding operations on July 1, 2019.

Hearing Date: 1/29/10

Staff: Rick Peterson (786-7150).

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. If retail sales taxes were not collected when the property or services were acquired by the user, then use taxes are applied to the value of most tangible personal property and some services when used in this state. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent, and depending on the location, local tax rates vary from 0.5 percent to 3.0 percent. The average local tax rate is 2.4 percent, for an average combined state and local tax rate of 8.9 percent.

In 2001 the Legislature provided an exemption from sales and use taxes for dairy nutrient management equipment, facilities, and related services. To be eligible the person had to have a certified dairy nutrient management plan. In 2006 the sales and use tax exemption was broadened beyond dairy to other sectors of the livestock industry that had approved nutrient management plans

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The sales and use tax exemption applies to the materials, machinery, equipment, and labor and services purchased or used in relation to the operation, repair, cleaning, alteration, or improvement of livestock nutrient management facilities and equipment. Livestock nutrient management facilities and equipment are machinery, equipment, and structures used in the handling and treatment of livestock manure, such as aerators, agitators, alley scrapers, and augers. The exemption includes repair and replacement parts. The exemption requires facilities and equipment to be used exclusively for activities necessary to maintain a livestock nutrient management plan.

The exemption does not have an expiration date.

Summary of Bill:

An expiration date of July 1, 2019 is placed on the sales and use tax exemption for nutrient management equipment, facilities, and related services used at dairies and animal feeding operations.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.